IN THE

Supreme Court of the United States

October Term, 1943.

No. [illegible]. 36

MICHAEL F. McDONALD,
Petitioner,

v.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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COMMISSIONER OF INTERNAL REVENUE,

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To the Honorable, the Chief Justice and the Associate Justices of the Supreme Court of the United States:

Petitioner, Michael F. McDonald, prays that a writ of certiorari issue to the United States Circuit Court of Appeals for the Third Circuit, which affirmed the decision of the Tax Court sustaining the respondent in denying to petitioner the deduction from his 1939 taxable income of the lawful expenses paid in that year by him in his campaign for election to continue to hold his public office.

Opinions Below.

The opinion of the Circuit Court of Appeals (R. 122a) is reported at 139 F. (2d) 400. The opinion of the Tax Court (R. 115a) is reported in 1 T. C. 738.

Jurisdiction.

The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925 (43 Stat. 938, U. S. C. Title 28, section 347) and Section 1141 (a) of the Internal Revenue Code. The judgment of the United States Circuit Court of Appeals to be reviewed was entered on December 9, 1943 (No. 8361, October Term 1943).

Questions Presented.

1. Where petitioner was appointed a judge of a Pennsylvania county court in 1938 on condition that he would campaign for election in 1939, for a full term, and he did so campaign and was defeated, may he deduct from his 1939 taxable income the lawful expenses of his campaign, as

(a) ordinary and necessary expenses incurred in his trade or business, or as

(b) ordinary and necessary expenses incurred for the production or collection of income, or as

(c) a loss on a transaction entered into for profit?

2. Did the Tax Court err in excluding evidence as to whether the expenses in issue were ordinary and necessary, and in making inadequate findings of fact?

Statutes Involved.

The pertinent provisions of the Internal Revenue Code and of the Treasury Department Regulations are set forth in the appendix, as are the pertinent provisions of the Pennsylvania Election Code.

Statement.

Petitioner, who had been a practicing lawyer in Luzerne County, Pennsylvania, since 1904, was appointed on December 1, 1938, by the Governor of Pennsylvania to

fill the unexpired term of Common Pleas Judge of Luzerne County. Under Pennsylvania law, appointees to Common Pleas Courts must stand for election at the next primary and general elections, if they wish to continue in office.

The term for which petitioner was appointed accordingly expired December 31, 1939, and it was a condition of the Governor's appointment of petitioner thereto that he would be a candidate for the succeeding full term of ten years, beginning on January 1, 1940. His compensation as judge was $12,000. per annum, and this could not be reduced during his term of office.

Petitioner was a candidate at the primary election of September 12, 1939, and at the general election of November 7, 1939. He was opposed at both elections. He was successful at the primary election, but was defeated at the general election.

In order to obtain the support of the Democratic County Committee for his candidacy at each election, petitioner was obliged to pay and did pay out of his own funds assessments toward the expenses of the Committee, fixed by its Executive Committee, in the amount of $8,000. In addition, he incurred and paid other necessary expenses for printing, advertising, postage, traveling expenses, etc., directly in connection with and for the purpose of furthering his nomination and election, in the sum of $5,017.20. These two sums, aggregating $13,017.20, he claimed in his Federal income tax return for the year 1939 (filed March 15, 1940) as a deduction for "re-election expenses" incurred in his campaign for election to retain his office as Judge of the Common Pleas Court of Luzerne County. Petitioner's books are regularly kept on the cash receipts and disbursement basis and were so kept in 1939 and 1940, and his 1939 income tax return was prepared on that basis.

As stated by the Circuit Court of Appeals in this case, "The expenses here were strictly in compliance with the state statute and legitimate in their entirety. . . . The objective of the expenditures was to obtain a considerable amount of money over at least a decade of years."

The party committee, to which petitioner paid the $8,000. mentioned above, was set up and maintained in accordance with the Pennsylvania Election Code, and the Tax Court found as a fact that Petitioner's payment of the Committee's assessment was essential to his securing the nomination and the support of the party organization. The testimony showed without contradiction that Petitioner had no voice or control whatever in fixing the amount of the assessment, which, with that similarly exacted by the Committee and paid by the nine other Democratic candidates running for office (including another Common Pleas Judge running for another vacancy), was fixed on the basis of the total prospective salaries to be received. Petitioner's prospective salary was $12,000. per year for the ten-year period. The sums so assessed were used by the Committee to defray expenses of postage, advertising, meetings, clerk hire, etc., in connection with the expenses of all the candidates.

During the period that petitioner served as Judge, including the period of the campaign, he did not practice law or engage in any business or profession other than that of performing his duties as Judge, nor would Pennsylvania law have permitted him to do otherwise. Such campaigning as petitioner did personally was proper and did not interfere with the performance of his judicial duties. There was no contention by the Circuit Court of Appeals that Petitioner's campaign expenses were not reasonable in amount, or that they were not ordinary and necessary for the attainment of Petitioner's object—the retention of his public office.

Petitioner paid the 1939 Federal income tax, shown to be due by his return, of $1,018.02. Respondent claimed $2,506.77 additional on the ground that petitioner's deduction for election expenses was unauthorized by the tax law. Respondent's claim was sustained by the Tax Court and by the Circuit Court of Appeals, which action petitioner now asks this Court to review.

Specification of Errors to Be Urged.

The Circuit Court of Appeals erred:

1. In holding that the expenditures in question were not ordinary and necessary expenses incurred in petitioner's trade or business.

2. In holding that said expenditures were not ordinary and necessary expenses incurred for the production or collection of income.

3. In holding that in paying said expenditures, petitioner did not sustain a loss on a transaction entered into by petitioner for profit.

4. In failing to hold that the Tax Court erred in excluding evidence as to whether the expenses in issue were ordinary and necessary, and in making inadequate findings of fact.

Reasons for Granting the Writ.

1. This Case Raises an Important Question of Federal Law Which Has Not Been, but Should Be, Settled by This Court.

The payment by candidates for election to State and Federal office of the legitimate expenses of their campaigns has been customary for many years over the entire country and is inherent in our system of electing public officeholders. Since the Public Salary Tax Act of 1939 has rendered State salaries subject to the federal income tax and since the recent steep increases in federal tax rates, the question whether candidates may deduct their legitimate campaign expenses from taxable income has assumed great importance, not only to the candidates themselves but also to the operation of our democratic system. The matter has been passed upon by the Courts (apart from the instant case) in only two cases in the Board of Tax Appeals, and never by any Circuit Court of Appeals or by this Court.

2. The Errors and Confusion Which May Result From the Opinion Below.

In disallowing the expenses in issue as ordinary and necessary business expenses, the Court below characterizes them vaguely as "in the nature of a capital item," but refused a deduction when the so-called "capital" disappeared through petitioner's defeat at the polls. In disallowing the expenses in issue as a loss, the Court limits allowable losses to "the involuntary parting with something of value", thus casting doubt upon the traditional deductions for worthless stock, losses in development of new processes, losses in exploring for natural resources, losses incurred in negotiating new contracts, and so on. In disallowing the expenses in issue as non-business expenses, the Court below rigidly limits Section 23 (a) (2) of the Internal Revenue Code to cases of expenses paid in connection with income from investment property, such as those in *Higgins v. Commissioner*, 312 U. S. 212, thus disregarding the clear provision of the Amendment to the Code that expenses are deductible if paid "for the production or collection of *income*," regardless of whether or not that income is from property. All of these erroneous holdings of the Court below, unless corrected by this Court, promise as precedents to spread error and confusion in the tax law far beyond the limits of the facts in the instant case.

3. The Injustice to the Petitioner.

The petitioner has been denied a deduction for expenses which he was required to pay in order to retain his sole source of livelihood. The expenses were entirely legal, were customary in petitioner's situation, and were unavoidable if he was to retain his office. The tax is on net income; and if petitioner is to be taxed on the compensation received, fairness and equal treatment require that he be allowed to deduct his expenses. If they were capital payments, they should, nevertheless, be allowed in the year

when paid, since he was defeated in that year and was thus finally deprived of the future return which he contemplated when making them. The decision below not only unsettles established tax principles, but also works a grave injustice on the petitioner.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Court directed to the United States Circuit Court of Appeals for the Third Circuit, sitting at Philadelphia, Pennsylvania, commanding that Court to certify and to send to this Court, on a day certain to be therein named, a full and complete transcript of the record and all proceedings had in this case numbered and entitled on its docket 8361, to the end that this case may be reviewed and determined by this Court; that the said judgment of the United States Circuit Court of Appeals for the Third Circuit may be reversed by this Court; and that your petitioner may have such other and further relief in the premises as may seem just and proper.

And your petitioner will ever pray, etc.

MICHAEL F. McDONALD,
Petitioner.

FREDERICK E. S. MORRISON,
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Attorney for Petitioner.

DRINKER, BIDDLE & REATH,
Of Counsel.

BRIEF IN SUPPORT OF THE PETITION.

This case raises for the first time an issue of very considerable public importance, namely, whether one who holds a state office, and who seeks nomination and election to succeed himself, may deduct from his taxable income the legitimate expenses of his campaign, permitted by the Election Code of that State, where he has duly reported and made public record of all his expenses in accordance with the State law.

Section 23 (a) (1) of the Internal Revenue Code provides for the deduction by an individual from gross income of "All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business . . ." Section 121 (a) of the Revenue Act of 1942 added to section 23 (a) of the Code (with retroactive effect to the instant case) a provision for the deduction of "all the ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income . . ." Section 23 (e) (2) of the Code provides for the deduction of *losses* "if incurred in any transaction entered into for profit, though not connected with the trade or business . . ."

The particular question is presented, it is believed, to this Court for the first time in the present case. This is not surprising, since the salaries of state officers have been subject to Federal income tax only since the Public Salary Tax Act of 1939. The question involves all of the officers seeking election to succeed themselves in states where ordinary and necessary campaign expenses have statutory recognition as a legitimate factor in the function of the democratic process. The high rates of income tax now applicable to individuals give this case far-reaching effects upon the

central machinery of our democracy—the system by which we focus the attention of the electorate upon the issues and personalities involved in an election. This case is accordingly believed to be not only a case of first impression, but also of unusual significance.

The Court below agreed that the petitioner's business in 1939 was that of occupying the office and performing the duties of a Common Pleas Judge. (Indeed, if it had held otherwise, the expenses in question would have been deductible as non-business expenses. Opinion below, R. 126a). Being a judge was the only business in which, during the taxable year, petitioner was engaged or could lawfully be engaged. A system of government which is sufficiently realistic to attract a person to public office by compensating him financially must certainly accept the necessary consequence, namely, that the official so compensated will make his office his source of livelihood and therefore inescapably will make his office his business. A judicial office is undoubtedly a position of high public trust, but it is none the less a business for tax purposes.

The Court below did not deny that the expenses in issue were ordinary and necessary. Since legally and actually petitioner's "business" was that of a judge, the amounts paid to retain that office were an expense in carrying on such business, just as much as would be the expense of insurance by a corporation of its property or of its profits against a loss by fire. That the expenses were necessary is clear. What is an "ordinary" expense was defined by this Court in *Welch v. Helvering*, 280 U. S. 111, where the Court said that for expenses to be "ordinary" "does not mean that the payments must be habitual or normal in the sense that the same taxpayer will have to make them often . . . . The situation is unique in the life of the individual affected, but not in the life of the group, the community, of which he is a part." See also *Kornhauser v. U. S.*, 276 U. S. 145, and *Deputy, et al. v. DuPont*, 308 U. S. 488, 495. The Court below held that the outlay

was "in the nature of a capital item." But the mere fact that it may be paid only once in a life time was held by this Court in *Welsh v. Helvering, supra*, to be unimportant, as long as the expense is of common occurrence in the life of the community. Certainly payment of campaign expenses by candidates is sufficiently common to qualify as "ordinary" under this test.

There is believed to be no decision by any Circuit Court of Appeals directly on this question. The two decisions of the Board of Tax Appeals which most closely approach the point are easily distinguishable, and in any case are not binding here. In *David A. Reed*, 13 B. T. A. 513, the Board held that a voluntary contribution by a practicing lawyer to secure the support of the party organization for his nomination as senator was not deductible. That case differed from the case at bar, both in the fact that the contribution was voluntary and not shown to be necessary. In *Lindsay*, 37 B. T. A. 840, the Board held that a Congressman already in office could not deduct the expenses of traveling to his home city to consult with his constituents. There was no evidence that Lindsay was a candidate for re-election, and the Board accordingly could not hold that the travel expenses were necessary to enable him to retain his livelihood. The Board therefore simply followed the *Reed* case, and the situation is thus similarly distinguishable here.

Furthermore, the decisions of the Tax Court and the rulings of the Commissioner uniformly hold that the expense of retaining a source of livelihood are not capital and are deductible. For example, the expense incurred by an actor in training himself to retain the job that he is already performing have been held deductible: *Charles Hutchison*, 13 B. T. A. 1187; *Denny*, 33 B. T. A. 738. The rulings of the Commissioner permit a member of a labor union to deduct from his taxable income not merely his union dues, O. D. 450, (1920) 2 C. B. 105; I. T. 2888, XIV—1 C. B. 54, but also the initiation fee essential to his originally join-

ing the union, I. T. 3684, 1944, I. R. B. No. 1, p. 11. And in *Evans*, Docket No. 89,374, C. C. H. B. T. A. Service, Decision No. 10,620-D, the Tax Court permitted a deduction for amounts spent by an actress, who feared that her contract might not be renewed, in an unsuccessful attempt to negotiate a new contract with another employer—a situation closely analogous to that in the present case.

If, however, it should be considered that the occupation of being a judge is not a business, certainly the payments in question were expenses necessarily incurred for the production of income, since their payment was essential to petitioner's continuance in the office on which his income depended. Being a judge was what produced petitioner's sole income, and unless he had incurred the expenses here involved, he would have lost all chance of having this income continue over the ten years following his election. It is true that section 23 (a) (2), added to the Code by the Revenue Act of 1942, was the result of a Congressional desire to allow the type of deductions disallowed by *Higgins v. Commissioner*, 312 U. S. 212. But the Congressional reports show no intent to limit this amendment to investors' expenses, and the language of the new section itself (Appendix hereto, p. 17) permits the deduction, not only of expenses for the "management, conservation, and maintenance of *property*," but also for any "expenses paid for the production or collection of *income*." There is certainly no doubt that the petitioner incurred the expenses in issue for the production of income. In these circumstances, even if it should be held that the expenses in issue were not deductible under section 23 (a) as it stood before the recent amendment, it is clear that the amendment permits their deduction because of their close connection with the production of the petitioner's income.

Finally, if it held that the expenses in question are neither business nor non-business deductions, they are clearly deductible under section 23 (e) (2) of the Code as a "loss . . . incurred in a transaction entered into for

profit." That the petitioner entered this transaction (that is, ran for re-election) for profit, and that there was no impropriety in his so doing, has been explained above. The Court below disallowed any deduction for a loss on the theory that a loss "must be the involuntary parting with something of value." The Court states that the petitioner "received what he paid for" and therefore did not lose anything.

But this definition of a deductible loss is far from adequate. If a taxpayer buys a share of stock, for example, he undoubtedly gets what he pays for; but this does not prevent him from deducting an allowable loss when that stock becomes worthless. An inventor who hires laboratory assistants, buys materials, and incurs other development expense in testing a proposed product clearly gets the services and materials for which he pays, and yet the entire expense will be deductible as a loss if the proposed invention proves to be a failure. See *Weingarten, Inc.*, 44 B. T. A. 798 (Acq.); *Dresser Mfg. Co.*, 40 B. T. A. 341 (Acq.); *Acme Products Co., Inc.*, 24 B. T. A. 194. A businessman who sends an agent abroad to develop new business undoubtedly receives the services he pays for, but if the venture is unsuccessful, he still may claim the expense as a deductible loss. *Pope*, C. C. H. B. T. A. Service, Dec. No. 12,572-H; I. T. 1505, I-2 C. B. 112. And one who pays to explore a mining or quarrying property gets the exploratory services paid for, but may claim the loss if the materials sought are not found. *Gopher Granite Co.*, 5 B. T. A. 1216; *Parker*, 1 T. C. 709. A taxpayer gets something for every reasonable expenditure, whether it be a capital or expense item, and this does not prevent his deduction of a loss.

The Court below bases its definition of a loss on a quotation from *Dresser v. U. S.*, 55 F. (2d) 499, at p. 510. An examination of this case shows that the taxpayer was seeking a deduction for the cost of stock which was already worthless when he bought it, and this was properly dis-

allowed. The petitioner here, however, was paying his money—certainly "something of value"—with a reasonable chance of success; and his defeat at the polls, which caused his loss, was certainly "unintentional." It is not the expenditure of the taxpayer's money which must be unintentional, but rather the frustration of the purpose for which the money was spent. A taxpayer to whom a loss on worthless stock is allowed intended to pay the purchase price of the stock, but did not intend that expenditure to become fruitless.

The Court below also quotes from *Giurlani & Bro. v. Commissioner*, 119 F. (2d) 852, where the taxpayer paid the debts of its supplier without taking any subrogation or other consideration. The Court disallowed the payment as a loss, since there was no evidence that the payment could have been of any business advantage to the taxpayer (indeed, it seemed likely that the payment was a gift to relatives), and since, if it was of benefit, the benefit could last for an indefinite period. This is far from the instant case, where the financial benefits from success in the election are obvious, and where the loss from defeat was complete in 1939.

The established types of allowable losses were also overlooked by the Court below in its holding that the campaign expenses were not deductible as ordinary and necessary expenses because "in the nature of a capital item." Even the cost of a capital item is deductible if the anticipated profit from its purchase is irretrievably lost, as happened here upon petitioner's defeat at the polls. The Court below relied upon two of its former decisions, where the taxpayer was *successful* in its expenditure, in both cases to suppress competition. If the Court below had quoted further from *Clark Thread Company v. Commissioner*, 100 Federal 2d 257, it would have referred to this passage: "Provision is made in the income tax law for the charging off of such assets over a period of years where their duration is limited." The Board was also of the opin-

ion that the benefits in this case were of indefinite duration and made no allowance for exhaustion." In the instant case, however, any capital asset which the petitioner can be considered to have acquired through the expenditures in issue had no duration whatever after his defeat in the general election. The *Clark* case and the similar case of *Newspaper Printing Company v. Commissioner*, 56 Federal 2d 125, are thus in no sense applicable here.

Petitioner may have gotten the personal services, postage, committee support, and so on for which he paid, but he did not get the profit for which he entered the transaction; and it is when the taxpayer is involuntarily shut out from this profit that the statute grants him a deduction for his expenditures as a loss.

Accordingly, it is respectfully submitted that the present case involves an important question of Federal law, which has not been but should be settled by this Court, and which was decided incorrectly below, and that the petition should be granted.

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Appendix.

STATUTE.

Internal Revenue Code
Section 23 (a). Expenses.—

(1) Trade or business expenses.—

(A) In General.—All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity . . .

(2) Non-trade or non-business expenses.—In the case of an individual, all the ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income.

. . . . . .

(e) Losses by individuals.—In the case of an individual, losses sustained during the taxable year and not compensated for by insurance or otherwise—

(1) if incurred in trade or business; or

(2) if incurred in any transaction entered into for profit, though not connected with the trade or business;

REGULATIONS.

Regulations 111.

Section 29.23 (a)—15. Non-trade or non-business expenses.—(a) In General.—Subject to the qualifications and limitations in chapter 1 and particularly in section 24, an expense may be deducted under section 23 (a) (2) only upon the condition that:

(1) it has been paid or incurred by the taxpayer during the taxable year (i) for the production or collection of income which, if and when realized, will be required to be included in income for Federal income tax purposes, or (ii) for the management, conservation, or maintenance of property held for the production of such income; and

(2) it is an ordinary and necessary expense for either or both of the purposes stated in (1) above.

The term "income" for the purpose of section 23 (a) (2) comprehends not merely income of the taxable year but also income which the taxpayer has realized in a prior taxable year or may realize in subsequent taxable years; and is not confined to recurring income but applies as well to gains from the disposition of property. For example, if defaulted bonds, the interest from which if received would be includible in income, are purchased with the expectation of realizing capital gain on their resale, even though no current yield thereon is anticipated, ordinary and necessary expenses thereafter incurred in connection therewith are deductible. Similarly, ordinary and necessary expenses incurred in the management, conservation or maintenance of a building devoted to rental purposes are deductible notwithstanding that there is actually no income therefrom in the taxable year, and regardless of the manner in which or the purpose for which the property in question was acquired. Expenses incurred in managing, conserving, or maintaining property held for investment may be deductible under this provision even though the property is not currently productive and there is no likeli-

hood that the property will be sold at a profit or will otherwise be productive of income and even though the property is held merely to minimize a loss with respect thereto. The expenses, however, of carrying on transactions, which do not constitute a trade or business of the taxpayer and are not carried on for the production or collection of income or for the management, conservation, or maintenance of property held for the production of income, but which are carried on primarily as a sport, hobby, or recreation are not allowable as nontrade or nonbusiness expenses.

Expenses, to be deductible under section 23 (a) (2), must be "ordinary and necessary," which presupposes that they must be reasonable in amount and must bear a reasonable and proximate relation to the production or collection of taxable income or to the management, conservation, or maintenance of property held for the production of income.

. . . . . .

Section 29.23 (a)—1. Losses by individuals.—Losses sustained by individual citizens or residents of the United States and not compensated for by insurance or otherwise are fully deductible if (a) incurred in the taxpayer's trade or business, or (b) incurred in any transaction entered into for profit, . . .

In general losses for which an amount may be deducted from gross income must be evidenced by closed and completed transactions, fixed by identifiable events, bona fide and actually sustained during the taxable period for which allowed. Substance and not mere form will govern in determining deductible losses. Full consideration must be given to any salvage value and to any insurance or other compensation received in determining the amount of losses actually sustained.

PENNSYLVANIA ELECTION CODE.

1937 P. L. 1333, 25 P. S. 2600.

Section 1602 (25 P. S. 3222)—Every political committee shall appoint and constantly maintain a treasurer to receive, keep and disburse all sums of money which may be collected or received by such committee, or by any of its members for primary or election expenses; and unless such treasurer is first appointed and thereafter maintained, it shall be unlawful for a political committee or any of its members to collect, receive or disburse money or incur liability for any such purpose. All money collected or received by any political committe, or by any of its members for primary or election expenses, shall be paid over and made to pass through the hands of the treasurer of such committee and shall be disbursed by him; and it shall be unlawful for any political committee, or any of its members, to disburse any money for primary or election expenses, unless such money shall have passed through the hands of the treasurer. 1937, June 3, P. L. 1333, art. XVI, Sec. 1602.

Section 1606 (25 P. S. 3226)—No candidate or treasurer of any political committee shall pay, give or lend or agree to pay, give or lend, directly or indirectly, any money or other valuable thing or incur any liability on account of, or in respect to, any primary or election expenses whatever, except for the following purposes:

First. For printing and traveling expenses, and personal expenses, incident thereto, stationery, advertising, postage, expressage, freight, telegraph, telephone and public messenger service.

Second. For the rental of radio facilities, and amplifier systems.

Third. For political meetings, demonstrations and conventions, and for the pay and transportation of speakers.

Fourth. For the rent, maintenance and furnishing of offices.

Fifth. For the payment of clerks, typewriters, stenographers, janitors and messengers actually employed.

Sixth. For the transportation of electors to and from the polls.

Seventh. For the employment of watchers at primaries and elections to the number and in the amount permitted by this act.

Eighth. For expenses, legal counsel, incurred in good faith in connection with any primary or election. 1937, June 3, P. L. 1333, art. XVI, Sec. 1606.

Section 1607 (25 P. S. 3227)—(a) Every candidate for nomination or election, and every treasurer of a political committee, or person acting as such treasurer, shall, within thirty days after every primary and election at which such candidate was voted for or with which such political committee was concerned, if the amount received or expended or liabilities incurred shall exceed the sum of fifty dollars, file a full, true and detailed account, subscribed and sworn to by him, setting forth each and every sum of money received, contributed or disbursed by him for primary or election expenses, the date of each receipt, contribution and disbursement, the name of the person from whom received or to whom paid, and the specific object or purpose for which the same was disbursed. Such account shall also set forth the unpaid debts and liabilities of any such candidate or committee for primary or election expenses, with the nature and amount of each, and to whom owing. In the case of the treasurer of a political committee, the account shall include any unexpended balance of contributions or other receipts appearing from the last previous account filed by him. In the case of candidates for election who have previously filed accounts of their primary expenses as candidates for nomination, the accounts shall only include receipts, contribu-

tions and disbursements, subsequent to the date of such prior accounts.

(b) If the aggregate receipts or disbursements and liabilities of a candidate or a political committee in connection with any primary or election shall not exceed fifty dollars, the candidate or treasurer of the committee, as the case may be, shall, within thirty days after the primary or election, certify that fact under oath to the officer or board with whom expense accounts are required to be filed, as hereinafter provided: Provided, however, That if a candidate or political committee does not receive any contributions or make any disbursements or incur any liabilities, he or it shall not be required to file any account or to make any affidavit, but such candidate or political committee shall be deemed for all purposes of this act to have filed an expense account showing no receipts, disbursements or liabilities for primary or election expenses.

(c) Every expense account filed under the provisions of this section shall be accompanied by vouchers for all sums expended amounting to ten ($10) dollars or more. It shall be unlawful for any candidate, agent or treasurer to disburse any money received from any anonymous source. 1937, June 3, P. L. 1333, art. XVI, Sec. 1607.